

Approved For Release

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080026-9 406

26 October 1960

Mr. Hugh S. Cumming, Jr.
Director of Intelligence and Research
Department of State

Dear friends

I have your letter of October 25 asking for intelligence on the economic vulnerability of the Soviet Zone of Germany for Fay Kohler. I believe the best way to handle this is to ask Otto Guthe to undertake it as a project of the Economic Intelligence Community. I realize that considerable work on this has been done and so would expect that a fairly expeditious job could be done of coordinating a definitive study through the EIC.

You are probably aware that my opposite number in the [redacted] arrives here next week. I shall endeavor without disclosing the Department's interest to enlist a contribution from that organization.

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Sincerely,

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Robert Avery, Jr.

Distribution:

Original and 1 - Addressee

1 - Dr. Githa (for appropriate action)

$$\checkmark 1 = ER \text{ (via } \boxed{\text{_____}})$$

28 October 1960

O/DD/I: RAmory, Jr., abbb

LAUREATE READING

~~State~~

TAT

State Department review completed

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DEPARTMENT OF STATE
THE DIRECTOR OF INTELLIGENCE AND RESEARCH
WASHINGTON

40-8486-1

OCT 25 1960

Dear Allen:

Foy Kohler has raised with me an important question concerning available intelligence on the economic vulnerability of the Soviet Zone of Germany. He notes that recent developments concerning Berlin have focused attention on the economic vulnerability of the Zone to various types of Western countermeasures, and he mentions in this regard questions such as the reliance of the GDR on the importation of certain types of chemicals, the significance to the Soviet Zone economy of steel sheet and the extent to which Free World nations may have extended financial credits to the Zone. In obtaining answers to such questions on a spot basis, valuable assistance has, of course, already been rendered by members of your staff in cooperation with INR.

At the same time, Foy asks whether the intelligence community would consider instituting careful examination of the economic structure of the Soviet Zone with a view to determining the areas of greatest vulnerability to any action on our part. This would involve assessment of all industrial branches with the idea of establishing those areas where denial of exports to the Zone, for example, would have the greatest effect. Such analyses would complement the activities being undertaken on a four power basis in Bonn and would enable the Department to assess more accurately the range of possibilities for economic countermeasures which are now open or would be at some future date.

A project aimed at a systematic response to Foy's suggestion would necessarily fall largely on those members of your

staff

The Honorable
Allen W. Dulles,
Director of Central Intelligence.

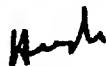
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staff responsible for economic research on the Soviet Zone. As I indicated earlier, they have already provided valuable information in answer to spot queries from the Department, and I hope a more comprehensive approach to the problem is feasible. My people here in INR who work on the Soviet Zone would, of course, be pleased to collaborate on this project in any useful manner despite the fact that we have, as you know, a very limited economic capability in this field.

I should appreciate your views as to how we might provide Foy with the assistance he seeks.

Sincerely yours,



Hugh S. Cumming, Jr.

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM
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CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	INITIALS	DATE
1	DD/I	Ran/Sb	10/28/60
2	ER (VIA [redacted])	[redacted]	[redacted]
3			
4	LK - 145		
5			
6			
X	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE

Remarks:

General Cabell has seen this letter and a copy was previously forwarded to you for necessary action.

FOLD HERE TO RETURN TO SENDER

ADDRESS AND PHONE NO.	DATE
[redacted] Asst. to the DCI	10/28/60

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